

HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2008 OF THE CONDITION AND AFFAIRS OF THE

CareFirst BlueChoice, Inc.

NAIC Group Code	0380 current Period)	, 0380 NAIC Comp	pany Code 962	202 Employer'	s ID Number	52-1358219
Organized under the Law	,	,	, State of Don	nicile or Port of Entry	District of	of Columbia
Country of Domicile			United States	-		
Licensed as business type	e: Life Accid	dent & Health [] Prope	erty/Casualty []	Dental Service Corp	oration []	
Liounded de bueinious type	•	rvice Corporation [] Other		Health Maintenance		1
		Medical & Dental Service or Inden		Is HMO, Federally 0		•
Incorporated/Organized	,	06/22/1984	Commenced Busir	·	03/01/1985	
incorporated/Organized _			_ Commenced Busin		03/01/1903	
Statutory Home Office		840 First Street, NE (Street and Number)	,		hington, DC 20065 Town, State and Zip Coo	
Main Administrative Office	.	,	10455 Mill F			,
		2.04447	(Street and	Number)	2000	
	wings Mills, MI or Town, State an			410-581- (Area Code) (Telep		
Mail Address	104	455 Mill Run Circle	,	Owings M	ills, MD 21117	
	(Stree	t and Number or P.O. Box)		(City or Town,	State and Zip Code)	
Primary Location of Books	and Records		10	455 Mill Run Circle		
	wings Mills, MI			(Street and Number) 410-998-		
` ,	y or Town, State an	d Zip Code)		(Area Code) (Telep	hone Number)	
Internet Website Address			www.carefirst	com		
Statutory Statement Conta	act	William Vincent Stack (Name)			0-998-7011 lephone Number) (Exter	nsion)
	(E-mail Addres	ss)		(FAX Num	iber)	
		OFF	TICEDO			
Name		Title	FICERS	ame		Title
Jon Paul Shematek,	M.D. ,	President		lene Myers ,		cretary
Jeanne Ann Kenne	edy ,	Treasurer	Josep	h Petralia ,	Assistar	nt Secretary
		_	OFFICERS			
David Donald Wo Sharon Jean Vecch		EVP, Medical Systems EVP, Chief of Staff		Allen Devou , Mark Chaney ,		of Mktg Officer P, CFO
Gwendolyn Denise Sk		SVP, General Auditor		John Felber .		P, Sales
Maria Harris Tildon		SVP, Public Policy		n Costello ,	SVP, Strate	egic Marketing
Pamela Susan Deuterr		SVP, ASU-FEP		aitem Kan #,	SVP, CI	nief Actuary
Dennis Allen Cupido Michael Bruce Edwa		SVP, ASU-Large Groups		Gupta #,		P, CIO ared Services
Michael Bruce Edwa	ards,	SVP, Networks Mgmt	_	Rothman #,	SVP, Sna	irea Services
David Donald Wo	olf	Gregory Mark Chaney	OR TRUSTE	LS Allen Devou	Teresa Gar	dner Harrison
John Edward Hero		Robert Isaac Jeffrey		ony Picciotto		nematek, M.D.
Olahari				_		
State of		ss				
County of						
above, all of the herein describ this statement, together with re of the condition and affairs of completed in accordance with that state rules or regulations in respectively. Furthermore, the	bed assets were elated exhibits, s the said reportin the NAIC Annua require difference scope of this at	sworn, each depose and say that the the absolute property of the said repor chedules and explanations therein con gentity as of the reporting period state. It Statement Instructions and Accounting in reporting not related to accounting testation by the described officers also use to electronic filing) of the enclosed significant controls.	ting entity, free and clea trained, annexed or refer ed above, and of its inco ig Practices and Procedu g practices and procedur includes the related cor	r from any liens or claim red to is a full and true s me and deductions ther ires manual except to th res, according to the bes responding electronic fil	is thereon, except as statement of all the acterior for the period the extent that: (1) states of their information with the NAIC, wi	herein stated, and that ssets and liabilities and ended, and have been re law may differ; or, (2) , knowledge and belief, hen required, that is an
Jon Paul She Presi			Marlene Myers Secretary		Jeanne Ann Ke Treasure	
Subscribed and sworn today o	_	s ,		a. Is this an originalb. If no,1. State the amer2. Date filed3. Number of pag	ndment number	Yes [X] No []

EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

			DOE / 111D O			
1 Name of Polyton	2	3	4	5	6	7
Name of Debtor	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Admitted
0199999 Total individuals	500,224	140,355				640,579
Group subscribers:						
Group subscribers: Federal Employee Program	10,994,859	6,356	109,851	496,365		11,607,431
0299997 Group subscriber subtotal	10,994,859	6,356		496,365	0	11,607,431
0299998 Premiums due and unpaid not individually listed	23,783,382			122,714	122.714	26,710,666
0299999 Total group		2,337,697	705,794	619,079	122.714	38,318,097
0399999 Premiums due and unpaid from Medicare entities		2,001,001				
0499999 Premiums due and unpaid from Medicaid entities						
0599999 Accident and health premiums due and unpaid (Page 2, Line 13)	35,278,465	2,478,052	705,794	619,079	122,714	38,958,676
reserved in the second and medical free reserved and anything free reserved	00,270,400	2, 110,002	700,704	310,010	122,717	00,000,070

EXHIBIT 3 - HEALTH CARE RECEIVABLES

	IIIDII 3 - IILALIII CAN	<u> </u>				
1	2	3	4	5	6	7
Name of Debtor	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Admitted
ndividually Listed Receivables:						
0199998 - Aggregate of amounts not individually listed above.	4,916,739	2,425,170		181,570	181,570	
0199999 - Totals - Pharmaceutical rebate receivables	4,916,739	2,425,170		181,570	181,570	7 ,341 ,909
0299998 - Aggregate of amounts not individually listed above.	0	0	0	301,011	301,011	
0299999 - Totals - Claim Overpayment Receivables	0	0	0	301,011	301,011	
0399998 - Aggregate of amounts not individually listed above.						40,638,200
0399999 - Totals - Loans and Advances to Providers	40,638,200					40,638,200
0699998 - Aggregate of amounts not individually listed above.	0	0	0	2,574,278	2,574,278	
0699999 - Totals - Other Receivables	0	0	0	2,574,278	2,574,278	
0799999 Gross health care receivables	45,554,939	2,425,170	0	3,056,859	3,056,859	47,980,10

EXHIBIT 4 – CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

	Aging Analysis of Unpaid	Claims				
1	2	3	4	5	6	7
Account	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Over 120 Days	Total
Claims Unpaid (Reported)						
						+
						†
0199999 Individually listed claims unpaid	0	0	0	0	0	U
0299999 Aggregate accounts not individually listed-uncovered	16,683,040	992,114				17,675,154
U39999 Aggregate accounts not individually listed-covered		992,114	0	0	0	
0499999 Subtotals	16,683,040	992,114	0	Ü	0	17,675,154
0599999 Unreported claims and other claim reserves						131,546,625
0699999 Total amounts withheld						140, 224, 770
0799999 Total claims unpaid						149,221,779
0899999 Accrued medical incentive pool and bonus amounts						0

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5	6	Adm	tted
						7	8
Name of Affiliate	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Current	Non-Current
Individually Listed Receivables: Group hospital and Medical Services.	12,037,937					12,037,937	
0199999 Individually listed receivables 0299999 Receivables not individually listed	12,037,937	0	0	0	0	12,037,937	0
0299999 Receivables not individually listed							_
0399999 Total gross amounts receivable	12,037,937	0	0	0	0	12,037,937	0

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5
Affiliate	Description	Amount	Current	Non-Current
	NONE			
940000 L F 1 L B F L L L L L L		Λ	Λ	Λ
0199999 Individually listed payables 0299999 Payables not individually listed 0399999 Total gross payables		U	D	0
uzayayay Payanies not individualiy listed		^		0
0399999 Total gross payables		0	0	0

EXHIBIT 7 PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total Payments	3 Total Members Covered	4 Column 3 as a % of Total Members	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments: 1. Medical groups	0	0.0		0.0		
Intermediaries	6.660.646	0.5	861.616	152.1		6,660,646
All other providers	5,804,761	0.4	864,961	152.7		5,804,761
Total capitation payments	12,465,407	0.9	1,726,577	304.8	0	12,465,407
Other Payments:	05 705 474					05 705 474
5. Fee-for-service	65,795,471	4.6 94.5	XXX	XXX		65,795,471 1,353,727,518
Contractual fee payments Bonus/withhold arrangements - fee-for-service	1,303,727,010	94.5	XXX XXX	XXXXXX		1,333,727,310
Bonus/withhold arrangements - contractual fee payments	0	0.0	XXX	XXX		• • • • • • • • • • • • • • • • • • • •
9. Non-contingent salaries	0	0.0	XXX	XXX		
10. Aggregate cost arrangements	0	0.0	XXX	XXX	•	
11. All other payments	0	0.0	XXX	XXX		4 440 500 000
12. Total other payments	1,419,522,989		XXX	XXX	0	1,419,522,989
13. Total (Line 4 plus Line 12)	1,431,988,396	100 %	XXX	XXX	0	1,431,988,396

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

	EXHIBIT 1-1 ART 2-00 MINART OF TRANSACTIONS	· • · · · · · · · · · · · · · · · · · ·			
1	2	3	4	5	6
			Average		Intermediary's
			Average Monthly Capitation	Intermediary's Total Adjusted Capital	Intermediary's Authorized Control Level RBC
NAIC Code	Name of Intermediary	Capitation Paid	Capitation	Total Adjusted Capital	Control Level RBC
147 110 0000	Magallan Health Services	4 637 860	386 480	Total Flajacica Capital	CONTROL EGYCLY (EG
	Magellan Health Services	4,637,869 2,022,778	386,489 168,565		
	DdV1S V1S10IL	2,022,770	100,500		
l					
		0.000.047	1001		1001
9999999 Totals		6,660,647	XXX	XXX	XXX

EXHIBIT 8 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED

	1	2	3	4	5	6
Description	Gost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
Administrative furniture and equipment						
Medical furniture, equipment and fixtures	 					
Pharmaceuticals and surgical supplies						
Durable medical equipment	 					
Other property and equipment						
6. Total	0	0	0	0	0	0



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION

CareFirst BlueChoice, Inc.

2.

								(LOCATION)		
AIC Group Code 0380 BUSINESS IN THE STATE	OF District of Columbia			DURING THE YEAR 2	2008			NA	IC Company Code	96202
	1	Compret (Hospital &	Medical)	4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	68,111	2,772	48,644				16,695			
2 First Quarter	71,894	3,466	50 , 154				18,274			
3 Second Quarter	74,673	4,254	51,525				18,894			
4. Third Quarter	76,708	4,530	52,595				19 , 583			
5. Current Year	79,153	4,906	53,878				20,369			
6 Current Year Member Months	898,057	49,456	619,921				228,680			
otal Member Ambulatory Encounters for Year:										
7. Physician	1,039,624	49,697	859,629				130,298			
8. Non-Physician	90,298	3,664	72,243	0			14,391			
9. Total	1,129,922	53,361	931,872	0	0	0	144,689	0	0	
10. Hospital Patient Days Incurred	48,525	2,013	37,797				8,715			
11. Number of Inpatient Admissions	11,867	559	9,565				1,743			
12. Health Premiums Written (b)	238,317,039	4,374,703	155 , 558 , 340			2,447,629	75 , 936 , 367			
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	241,316,427	4,374,703	155,558,340			2,447,629	78,935,755			
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	194,638,125	3,278,788	118,201,956			1,438,603	71,718,778			
18. Amount Incurred for Provision of Health Care Services	202,525,990	3,687,296	122,345,673			1,434,243	75,058,778			

(a) For health business: number of persons insured under PPO managed care products ______ and number of persons under indemnity only products _____ 7

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes of fees \$



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

NAIC Group Code 0380 BUSINESS IN THE STATE OF Maryland	F Maryland		_	DURING THE YEAR 2008	2008			(LOCATION) NA	N) NAIC Company Code	96202
	-	Comprehensive (Hospital & Medical)	nensive Medical)	4	22	9	2	œ	් ග	10
		2	ဇ)		Federal	1		
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	530,184	25,334	365,654			139,196				
2 First Quarter	521,662	24,889	366, 185			130,588				
3 Second Quarter	422,504	24,436	371, 583			26,485				
4. Third Quarter	425,465	23,795	375,712			25,958				
5. Current Year	424,587	23,382	376,050			25,155				
6 Current Year Member Months	5,374,612	291,628	4,452,089			630,885				
Total Member Ambulatory Encounters for Year:										
7. Physician	1,635,933	85,677	1,550,256							
8. Non-Physician	187,744	9,093	178,651							
9. Total	1,823,677	94,770	1,728,907	0	0	0	0	0	0	
10. Hospital Patient Days Incurred	74,906	3,376	71,530							
11. Number of Inpatient Admissions	20,910	1,073	19,837							
12. Health Premiums Written (b)	1,302,444,830		1,237,252,475			8,439,809				
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written.	0									
15. Health Premiums Earned	1,305,444,218	56,752,546	1,240,251,863			8,439,809				
16. Property/Casualty Premiums Earned	0									
	1,085,929,146	52,390,725	1,027,110,430			6,427,991				
18. Amount Incurred for Provision of Health Care Services	1.099.076.683	51,528,964	1,041,436,153			6,111,566				

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes of fees \$ ___



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

NAIC Group Code 0380 BUSINESS IN THE STATE OF Virginia	- 1/indinio									
	r viigiila			DURING THE YEAR 2008	2008			NA	NAIC Company Code	96202
	-	Comprehensive (Hospital & Medical)	ensive Medical)	4	9	9	7	80	6	10
		2	ε				Federal			
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	58,328	820	57,504			4				
2 First Quarter	58,803	1,014	577,775			14				
3 Second Quarter	60,287	1,214	59,033			40				
4. Third Quarter	61,959	1,478	60,426			55				
5. Current Year	62,697	1,692	60,982			23				
6 Current Year Member Months	727,234	15,482	711,327			425				
Total Member Ambulatory Encounters for Year:										
7. Physician	325,534	5,480	320,054							
8. Non-Physician	27,914	423	27,491							
9. Total	353,448	5,903	347,545	0	0	0	0	0	0	
10. Hospital Patient Days Incurred	13,514	489	13,025							
11. Number of Inpatient Admissions	3,310	98	3,212							
12. Health Premiums Written (b)	194,548,619	1,834,925	190, 430, 584			2,283,110				
13. Life Premiums Direct	0	0	0			0				
14. Property/Casualty Premiums Written.	0									
15. Health Premiums Earned	194,548,619	1,834,925	190,430,584			2,283,110				
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	151,421,125	2,563,701	147 , 163 , 097			1,694,327				
18. Amount Incurred for Provision of Health Care Services	156,090,641	2,690,054	151,706,995			1,693,592				

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes of fees \$ ___



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

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	- Corisolidated			DURING THE TEAK 2006	ZUUS			2	NAIC Company code	30202
	~	Comprenensive (Hospital & Medical)	nensive Medical)	4	2	9	7	ω	o	10
		2	3				Federal			
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	656,623	28,926	471,802	0	0	139,200	16,695	0	0	
2 First Quarter		29,369	474 , 114	0	0	130,602	18,274	0	0	
3 Second Quarter	557,464	29,904	482, 141	0	0	26,525	18,894	0	0	
4. Third Quarter	564,132	29,803	488,733	0	0	26,013	19,583	0	0	
5. Current Year	566,437	29,980	490,910	0	0	25,178	20,369	0	0	
6 Current Year Member Months	6,999,903	356,566	5,783,337	0	0	631,320	228,680	0	0	
Total Member Ambulatory Encounters for Year:										
7. Physician	3,001,091	140,854	2,729,939	0	0	0	130,298	0	0	
8. Non-Physician	305,956	13,180	278,385	0	0	0	14,391	0	0	
9. Total	3,307,047	154,034	3,008,324	0	0	0	144,689	0	0	
10. Hospital Patient Days Incurred	136,945	5,878	122, 352	0	0	0	8,715	0	0	
11. Number of Inpatient Admissions	36,087	1,730	32,614	0	0	0	1,743	0	0	
12. Health Premiums Written (b).	1,735,310,488		1,583,241,399	0	0	.13,170,548	75,936,367	0	0	
13. Life Premiums Direct.	0	0	0	0	0	0	0	0	0	
14. Property/Casualty Premiums Written	0	0	0	0	0	0	0	0	0	
15. Health Premiums Earned	1,741,309,264	62,962,174	1,586,240,787	0	0	13,170,548	78,	0	0	
16. Property/Casualty Premiums Earned	0	0	0	0	0	0	0	0	0	
17. Amount Paid for Provision of Health Care Services	1,431,988,396	58,233,214	1,292,475,483	0	0	9,560,921	7	0	0	
18 Amount Inclined for Brovision of Health Care Services	1 457 693 314	57,906,314	1,315,488,821	0	0	9,239,401	75,058,778	0	0	

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes of fees \$ ___

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE CareFirst BlueChoice, Inc.

SCHEDULE S - PART 1 - SECTION 2 Reinsurance Assumed Accident and Health Insurance Listed by Reinsured Company as of December 31, Current Year

12	Funds Withheld	Under Coinsurance																
11	Modified Coinsurance	- 3																
10	Reinsurance Payable on Paid	and Unpaid Losses 634,464	634,464															634,464
9 Vilidei Loggod	Other Than for Unearned	Fremiums																
8	Unearned	Fremiums																
7		Premiums 8.028.065	8,028,065															8,028,065
9	Type of Reinsurance	Assumed QA/G/A																
ਨ	-	Location 10455 Mill Run Circle, Owings Mills, MD																
4		Name of Keinsured The Dental Network																
3		ЕПестіvе Date 04/01/2008	S															
2	Federal ID	52-1840919	- Total - Affiliates	1 : :														otals
_	NAIC																	0399999 Totals

SCHEDULE S - PART 2

	Reins	urance Recoverar	ole on Paid and Unpaid Losses Listed by Re	insuring Company as of December 31, Curre	ent rear	
1	2	3	4	5	6	7
NAIC Company Code	Federal ID Number	Effective Date	Name of Company	Location	Paid Losses	Unpaid Losse
		•				
		•				
		•				
		•				
	· · · · · · · · · · · · · · · · · · ·	•				
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0700000 T	ntals – Life Annı	uity and Accident a	nd Health		Ī	I

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE CareFirst BlueChoice, Inc.

SCHEDULE S - PART 3 - SECTION 2 Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year

13	Finds Withheld	Under Coinsurance																		
12	Modified	Reserve																		
urplus Relief	11	Prior Year																		
Outstanding Surplus Relief	10	Current Year																		
6	Reserve Credit	Unearned Premiums																		
8	Reserve Credit	(Estimated)																		
7	<u>-</u>		10,000	25,000	25,000	25,000														25,000
9		Туре	LRSL/G/A LRSL/G/A																	
ಬ		Location	. 840 First Street NE, Washington, DC																	
4		Name of Company	Group Hospitilization and Med Svc, Inc. CareFirst of Maryland			1 General Account														
3		Effective Date	01/01/2007 01/01/2007		 Total Authorized General Account 	Authorized and Unauthorized General Account														
2	Federal	Number	53-0078070 52-1385894	Total Authorized	Total Authorized	 Total Authorized 														Totals
1	NAIC	Code	53007 47058		0399999 -	- 6666620														1599999 Totals

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE CareFirst BlueChoice, Inc.

SCHEDULE S - PART 4 Reinsurance Ceded to Unauthorized Companies

2	3	4	2	9	7	8	6	10	11	12	13	14
-				Paid and Unpaid		- - - -			Funds Deposited by		=	Sum of Cols 9+10+11+12+13
rederal ID Number	Date	Name of Reinsurer	Reserve Credit Taken	Losses Recoverable (Debit)	Other Debits	l otal (Cols. 5+6+7)	Letters of Credit	Trust Agreements	and vvitnneid from Reinsurers	Other	Miscellaneous Balances (Credit)	But Not In Excess of Col. 8
	+											
					1							
				1								
)							
1199999 Total												

Schedule S-Part 5 Five-Year Exhibit of Reinsurance Ceded Business (000 Omitted)

		O O O O	millea)			
		1 2008	2 2007	3 2006	4 2005	5 2004
Α. (OPERATIONS ITEMS					
1.	Premiums	25	25	0	0	0
2.	Title XVIII-Medicare	0	0	0	0	0
3.	Title XIX-Medicaid	0	0	0	0	0
4.	Commissions and reinsurance expense allowance		0	0	0	0
5.	Total hospital and medical expenses		0	0	0	0
В. І	BALANCE SHEET ITEMS					
6.	Premiums receivable		0	0	0	0
7.	Claims payable		0	0	0	0
8.	Reinsurance recoverable on paid losses	0	0	0	0	0
9.	Experience rating refunds due or unpaid		0	0	0	0
10.	Commissions and reinsurance expense allowances unpaid		0	0	0	0
11.	Unauthorized reinsurance offset	0	0	0	0	0
	UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
12.	Funds deposited by and withheld from (F)	0	0	0	0	0
13.	Letters of credit (L)	0	0	0	0	0
14.	Trust agreements (T)	0	0	0	0	0
15.	Other (O)	0	0	0	0	0

SCHEDULE S-PART 6

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	•	1	2	3
		As Reported (net of ceded)	Restatement Adjustments	Restated (gross of ceded)
	ASSETS (Page 2, Col. 3)			
1.	Cash and invested assets (Line 10)	521,680,530		521,680,530
2.	Accident and health premiums due and unpaid (Line 13)			38,958,676
3.	Amounts recoverable from reinsurers (Line 14.1)	0		0
4.	Net credit for ceded reinsurance	xxx	(235,495)	(235,495
5.	All other admitted assets (Balance)	84,869,249	869,959	85,739,208
6.	Total assets (Line 26)	645,508,455	634,464	646,142,919
	LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7.	Claims unpaid (Line 1)	149,221,780	0	149 , 221 , 780
8.	Accrued medical incentive pool and bonus payments (Line 2)	0		0
9.	Premiums received in advance (Line 8)	46 , 867 , 503		46 , 867 , 503
10.	Funds held under reinsurance treaties with authorized and unauthorized reinsurers (Line 17)	0		0
11.	Reinsurance in unauthorized companies (Line 18)	0		0
12.	All other liabilities (Balance)	42,743,789	634,464	43,378,253
13.	Total liabilities (Line 22)	238,833,072	634 , 464	239 , 467 , 536
14.	Total capital and surplus (Line 31)	406,675,383	XXX	406,675,383
15.	Total liabilities, capital and surplus (Line 32)	645,508,455	634,464	646,142,919
	NET CREDIT FOR CEDED REINSURANCE			
16.	Claims unpaid	0		
17.	Accrued medical incentive pool	0		
18.	Premiums received in advance	0		
19.	Reinsurance recoverable on paid losses	0		
20.	Other ceded reinsurance recoverables	(869,959)		
21.	Total ceded reinsurance recoverables	(869,959)		
22.	Premiums receivable	0		
23.	Funds held under reinsurance treaties with authorized and unauthorized reinsurers	0		
24.	Unauthorized reinsurance	0		
25.	Other ceded reinsurance payables/offsets	(634,464)		
26.	Total ceded reinsurance payables/offsets	(634,464)		
27.	Total net credit for ceded reinsurance	(235,495)		

SCHEDULE T – PART 2 INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN Allocated by States and Territories

			ed by States and Terri	Direct Bus	iness Only		
		1 Life (Group and	2 Annuities (Group	3 Disability Income (Group and	4 Long-Term Care (Group and	5 Deposit-Type	6
States, Etc.		Individual)	and Individual)	Individual)	Individual)	Contracts	Totals
1. Alabama	AL						
2. Alaska	AK						
3. Arizona	AZ						
4. Arkansas	AR						
5. California	CA						
6. Colorado	CO						
7. Connecticut	CT						
8. Delaware	DE						
District of Columbia							
10. Florida							
11. Georgia	GA						
12. Hawaii							
	П ID						
13. Idaho							
14. Illinois			-		····	 	
15. Indiana							
16. lowa	IA						
17. Kansas	KS		-		}	}	ļ
18. Kentucky							
19. Louisiana							
20. Maine	ME						
21. Maryland	MD						
22. Massachusetts 23. Michigan 24. Minnesota	MA						
23. Michigan	MI						
24. Minnesota	MN						
25. Mississippi							
26. Missouri							
27. Montana							
28. Nebraska							
29. Nevada							
30. New Hampshire							
31. New Jersey							
32. New Mexico							
33. New York	NY						
34. North Carolina	NC						
35. North Dakota	ND						
36. Ohio	OH						
37. Oklahoma	OK						
38. Oregon							
39. Pennsylvania							
40. Rhode Island					ļ		}
41. South Carolina							
42. South Dakota			-			·	
43. Tennessee	TN						
44. Texas	TX						
45. Utah			-				
46. Vermont	VT						
47. Virginia	VA				ļ		
48. Washington	WA						
49. West Virginia	WV						
50. Wisconsin							
51. Wyoming					L	L	L
52. American Samoa							
53. Guam							
							}
54. Puerto Rico							
55. U.S. Virgin Islands							
56. Northern Mariana Islands							ļ
57. Canada							
58. Aggregate Other Alien	OT						
55.7.9g.5gut6 54.6.7							

SCHEDULE Y

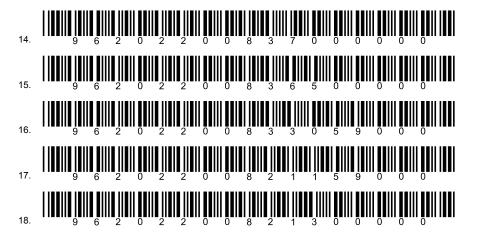
60,535 (869,439) Payable) on Losses 4,030,586 .869,439 Taken/(Liability) and/or Reserve Reinsurance Recoverable/ Credit 3 370,266 (42,191,934) 208,871,239 (2,022,241) (1,110,277) (1,110,277) (126,183,900) (126,183,900) (126,182,292) (126,182,292) (126,182,292) (126,182,292) (126,182,292) (126,182,292) (126,182,292) 7 Any Other Material Activity Not in the Ordinary Course of the Insurer's Business PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES × (614, 569) ...(25,000) 0 (Disbursements) Incurred Under Reinsurance 2,701,129 Agreements Income/ 370,266 (41,577,365) 211,129,251 (4,721,370) (1,110,277) (124,158,900) (1,122,292) (1,122,292) (1,122,292) (1,122,292) (1,122,292) (2,982,495) 0 Agreements and Service Contracts Management Indertakings for the Benefit of any 0 Connection with (Disbursements) Guarantees or Incurred in Affiliate(s) Income/ Purchases, Sales or Exchanges of Loans, Securities, CR 0 Estate, Mortgage Loans or Other Investments 2,000,000 (2,000,000) Capital Contributions 0 Shareholder Dividends Names of Insurers and Parent, Subsidiaries or Affiliates Inc National Capital Administrative Services, National Capital Insurance Agency, Inc... Service Benefit Plan Admin Services Corp... The Dental Network, Inc... Villse & Associates irst Care, Inc. 9999999 Control Totals 52 - 2069215... 53 - 0078070... 52 - 1385894 52 - 1385265... 52 - 1962376... 52 - 2362725... 52 - 1387907... 52 - 1388219... 52 - 1389940... 52 - 1118153... 52 - 1118153... 52 - 1118153... Federal ID Number NAIC Company Code 47021 47021 47058 60113 60000 60000 96202 9620 00000 13130

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of **WAIVED** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions

•	MARCH FILING	Responses
1.	Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	WAIVED
2.	•	YES.
3.		YES
4.	Will the confidential Risk-based Capital Report be filed with the state of domicile, if required by March 1?	YES.
	APRIL FILING	
5.	Will Management's Discussion and Analysis be filed by April 1?	YES
6.	Will the Supplemental Investment Risks Interrogatories be filed by April 1?	YES
7.	Will the Accident and Health Policy Experience Exhibit be filed by April 1?	YES.
	JUNE FILING	
8.	Will an audited financial report be filed by June 1?	YES
which t	llowing supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code ment is required of your company but is not filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interro	will be printed below. If the
	MARCH FILING	
9.	''	NO
10.	Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC?	NO
11.		NO
12.	Will the Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	SEE EXPLANATION
13.	,	NO
14.	Will the actuarial opinion on non-guaranteed elements as required in Interrogatories 3 to Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1?	NO
15.	Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	NO
	APRIL FILING	
16.	Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?	NO
17.	Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC?	NO
18.	Will the Supplemental Property/Casualty Insurance Expense Exhibit due April 1 be filed with any state that requires it, and, if so, the NAIC?	N0
110. 111. 112. No 113. 114. 115. 116.	ot applicable– company does not have 100 or more stockholders	
BAR C	CODE:	
1.		
9.	1 1 1 1 1 1 1 1 1 1	
10.		

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES



OVERFLOW PAGE FOR WRITE-INS

M014 Additional Aggregate Lines for Page 14 Line 25. *EXEXP - Underwriting and Investment Exhibit - Part 3

		1	2	3	4	5
		Cost	Other Claim	General		
		Containment	Adjustment	Administrative	Investment	
		Expenses	Expenses	Expenses	Expenses	Total
2504.	Miscellaneous expenses	(10,456)	(189,289)	2,062,962		1,863,217
2505.	Interest claims expenses					0
2506.	Charitable Contributions.					0
2507.	Service Charges Inter-Plan Bank					0
2508.	IPSBB Inter-Plan Bank					0
2597.	Summary of remaining write-ins for Line 25 from Page 14	(10,456)	(189,289)	2,062,962	0	1,863,217

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